

SECTION 5: APPLICATION FORM INSTRUCTIONS

This section provides information for completing the application form. The specific information that is to be entered into the individual fields on the application form is described in detail below.

General Information – Page 1

Stage of Processing. There are two stages of processing; the Preliminary Stage, at submission, and the Final Stage, for applications for which the Department has requested additional information prior to making a funding determination.

Indicate for which stage of processing the application is being submitted. A Final DFD Financing Application – Form 202 – must be submitted within 30 days of holding of the “kick-off” meeting, which reflects all changes in the project, including current development and operating budgets and pro forma, since the previous submission. None of the attachments and exhibits submitted with the Preliminary Application need to be submitted again, if they were approved and in final form, unless they reflect a change in the project.

Funding Applied For. Show the amount of all DHCD financing for which you are applying. For Low Income Housing Tax Credits, insert the annual credit allocation for which you are applying.

Project Name and Location. Show the name of the project and address. If you do not have a specific street address, provide the lot, parcel and tax map numbers for the project’s site. Other information required includes the project’s census tract and ward.

Applicant Information. Show the name, mailing address, contact person and title, telephone number, facsimile number and e-mail address of the entity that is applying for financing.

Ownership Entity Information. Show the name, taxpayer’s identification number and type of entity that will ultimately be the borrower or recipient of the tax credits and own the project. If the ownership entity has not yet been formed, please indicate. All ownership entities must be formed with taxpayer identification numbers shortly after reservation letters are received. For corporations and controlling general partners, provide the name, taxpayer identification number, percentage of ownership interest for each individual or entity and whether the entity is a nonprofit corporation.

Project Information – Pages 2-3

Amenities. Indicate the amenities planned for the development.

Type of Project. Indicate the type of development being undertaken by marking all appropriate boxes.

Existing Building Information. For the rehabilitation of existing buildings indicate the current percentage of units occupied; whether the rehabilitation will include compliance with historic standards; whether tenants will be permanently or temporarily relocated during the rehabilitation; and the year the building was originally constructed.

Number of Residential Buildings. Show the total number of each type of building included in the project's design.

Total Land Area. Show the total acreage of the project site(s).

Total Building Area. Show the gross square footage of all buildings in the project.

Type of Occupancy. Indicate the number of units that will be occupied by individuals or families, the elderly, for commercial uses or for special needs.

Special Needs Housing. Show the number of units that will serve special housing needs. If a listed option does not describe your project, show the units under other and provide a brief description.

Preservation of Affordable Units. If the project involves the preservation of affordability units for a building with expiring federal subsidies, indicate so here.

Occupancy Restrictions of Project. Show the number of units that will be income restricted at each income level. All units in the project should be included. Changes to income restrictions after approval could cause the loss of a funding reservation.

Low-Income Use Restrictions. Indicate the total number of years for which low-income units in the project will be restricted for occupancy.

Anticipated Development Schedule. Show the month and year that each stage of the development has been or is scheduled to be completed. For site control, indicate if the sponsor currently has site control, the date control expires and the expected date the ownership entity will acquire the site. Acceptable forms of site control include deeds, contracts of sale, leases with purchase options or other forms acceptable to the Department. For zoning, indicate the current zoning. If a change or variance of the zoning is necessary, show the date of application, final hearing and final approval. For applications with Low-Income Housing Tax Credits, a sponsor must (a) incur costs in excess of 10% of the reasonably expected basis of the project (the "10% expenditure test") by the later of (i) the date which is six months after the date the Carryover Allocation is issued, or (ii) the end of the year in which the Carryover Allocation is issued; and (b) place the project in service by the end of the second year following the year of the Carryover Allocation. Failure to meet these requirements will result in the loss of the Tax Credits for the project.

Substantial completion is the date when 95% of the rehabilitation or construction is complete, all certificates of use and occupancy have been issued, and the architect has issued the certificate of

substantial completion. Sustaining occupancy is when the project's income is sufficient to cover operating expenses and debt service for six consecutive months.

Development Team – Pages 4-8

Development Team Members. For each member of the development team, show the entity's name, mailing address, contact person and title, telephone number, facsimile number, e-mail address, and Duns number.

Development Team History. Answer each question concerning the history or prior performance of the members of the development team. If you answer yes to any of the questions, provide a brief explanation.

Nonprofit Participation. This section must be completed if the application involves a nonprofit entity and you are seeking additional points under the selection criteria.

Other District or Federal Involvement. If the project involves the D.C. Public Housing Authority or D.C. Housing Finance Agency, or other District of Columbia or federal agencies and you are seeking additional points under the selection criteria, complete this section.

Community Revitalization. Indicate whether the project is in a community with a community revitalization plan or whether it has been targeted for investment through one of the listed initiatives.

Project Income – Pages 9-10

Residential Rental Income: Low Income Units. For all low-income units in the project, show: the number of bedrooms and baths per unit; percent (%) of median income; the number of units of this size and type; the unit size in net leaseable square footage; tenant paid utilities; and the contract rent to be paid by the tenant. The monthly income is the contract rent, adjusted for utilities, and multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Residential Rental Income: Market Rate Units. For all market rate units in the project (not reserved for households at or below 80% of the area median income), show: the number of bedrooms and baths per unit; the number of units of this size and type; the unit size in net leaseable square footage; and the contract rent paid by the tenant. The monthly income is the contract rent multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To

calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Nonresidential Income. Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Calculate annual income by multiplying the monthly income by 12 months. The vacancy allowance is calculated by multiplying the total annual nonresidential income by an estimated vacancy rate that is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income for nonresidential units.

Effective Gross Income. This is the sum of the effective gross income for all income producing units in the project (low income, market rate and nonresidential sources).

Non-Income Producing Units. For all community, common and other non-income producing units or spaces included in the project, show the number of units (if applicable) and the square footage of each type of space. The total square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. Manager's units where the occupant is not being charged rent, should be included here.

Tenant Paid Utilities. If tenants will pay monthly utilities, show the type of utilities by marking the appropriate box.

Project Expenses – Page 11-12

Fill in the annual estimated expenses for each type listed that is applicable to the project. A management fee is calculated by multiplying the Effective Gross Income by an annual percentage rate. Utility expenses include only those items paid by the owner and should not include tenant paid utilities.

Total Operating Expenses. This is the sum of total administrative expenses, total utility expenses, total operating and maintenance expenses, total taxes and insurance and reserve for replacement deposits.

Net Operating Income. Calculate the project's Net Operating Income by subtracting the Total Operating Expenses from the Effective Gross Income for all units.

Uses of Funds – Pages 13-15

Fill in the total estimated cost for each use of funds listed that is applicable to the project. For applications requesting Low-Income Housing Tax Credits, show the total costs included in the project's acquisition basis and construction or rehabilitation basis, and those that are not included

in the tax credit basis. If you have any questions concerning the costs to be included in the project's tax credit basis or the Low-Income Housing Tax Credit, please consult your accountant or attorney for more information before submitting an application for funding.

Construction or Rehabilitation Costs. Net construction costs (shown in the Department's Form 212 – Summary Cost Estimate and Form 215 – Detailed Cost Estimate) are construction costs that do not include a builder's general requirements, builder's profit, general overhead, bond premium, construction contingency or other fees. Also indicate the builder's general requirements, builder's profit and overhead, as a percentage of net construction costs. For limits on builder's general requirements, builder's profit and general overhead refer to Section 4, page 18. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to assure construction completion. A construction contingency of 5% to 10% of the total construction contract is required to fund unforeseen construction work items. **The construction contingency may not be included in tax credit basis.** The sponsor may pledge the developer's fee to cover the contingency instead of including the construction contingency on this line.

Fees Related to Construction and Rehabilitation. For the architect's design and supervision fees, show the applicable percentage of the total construction contract. Real Estate Attorney Legal fees directly related to closing the loans are tax credit basis eligible. Legal fees related to the syndication of tax credits must be included under syndication related costs. Marketing costs are generally limited to 1% of total development costs and must be supported by a budget. For limits on the architect's design fee, architect's supervision fee and legal fees refer to Section 4, page 18.

Financing Fees and Charges. Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Mortgage Insurance Premium is the premium charged for mortgage insurance during the construction loan period only. Title and recording costs are those estimated by the title attorney. A financing (soft cost) contingency may not exceed 1% of total development costs to cover unanticipated interest and financing costs.

Acquisition Costs. If the site includes existing buildings, allocate the cost between land and buildings. Generally, there cannot have been any transfer of ownership within the past 10 years for buildings to be eligible for an acquisition tax credit.

Total Development Costs. This is the sum of total construction costs, total fees, total financing fees and charges, and total acquisition costs.

Developer's Fee. For projects receiving low income housing tax credits, the budget may include a developer's fee. All fees for processing agents and development consultants must be paid from this fee. The Department will not finance the developer's fee but it may be paid from tax credit proceeds. Generally, the developer's fee may not exceed \$2.5 million.

Syndication Related Costs. These are costs incurred when syndicating a project with historic tax credits or Low-Income Housing Tax Credits. Syndication related costs may not be paid with

Department loan proceeds. Generally, these costs are not included in the project's tax credit basis.

Guarantees and Reserves. Guarantees and reserves should include only funded amounts required by the Department, other lenders or syndication firms and cannot be funded with Department loan proceeds.

Total Uses of Funds. This is the sum of total development costs, developer's fee, total syndication related costs, and total guarantees and reserves.

Maximum Developer's Fee. The developer's fee is calculated as a percentage of total development costs. A fee of up to 15% is allowed on the first \$10 million of total development costs (less acquisition-related costs, construction, and soft cost contingencies) and up to 10% on total development costs (less acquisition-related costs and construction and soft cost contingencies) over \$10 million. A fee of up to 10% is allowed on the first \$10 million of acquisition-related costs and up to 5% on acquisition-related costs over \$10 million. Generally, the total developer's fee may not exceed \$2.5 million.

Sources of Funds – Pages 16-17

Primary Debt Service Financing. For all projects required that have primary debt service, indicate the type of funds, the name of the bond issuer or lender, the required debt coverage ratio (DCR), the total annual payment, the interest rate, the amortization period of the loan, the actual loan term, and the maximum supported loan amount. Also, show the annual payment associated with any bond insurance premium.

Subordinate Debt Service Financing. For all loans that are subordinate to primary debt, show the type of funds, the name of the lender, the DCR and the percentage of cash flow that will be applied to payments due on the loan, the anticipated annual payment, the interest rate, the loan term, and the loan amount. Calculate the maximum loan amount from DHCD on the application form. Generally, the DHCD loan (from all sources) may not exceed \$2.0 million. For grants, show the type of funds, the name of the grantor if not DHCD, the term of the grant (if applicable), and the amount of the grant.

Total Debt. Add the total loan amounts for the cash flow loans and the total maximum mortgage amounts for the debt service financing to determine the total debt.

Equity. Indicate the source and amount of equity proceeds generated from the sale of low income and/or historic tax credits. Also, identify the developer's equity that is not from syndication proceeds. The Department requires that equity from the sale of competitively allocated tax credits be sufficient to cover syndication related costs, guarantees and reserves, developer's fee and at least 10% of total development costs.

Total Sources of Funds. The total sources of funds are the sum of the total financing and the total equity and must equal the total uses of funds.

Maximum DHCD Loan Amount. Notwithstanding the above, the maximum Department loan amount is calculated on the cost of the project and the amount of gap financing needed. Subtract the total debt service maximum mortgage amount, financing from non-Departmental sources, the amount of any other cash flow loan, historic tax credit syndication proceeds and Low-Income Housing Tax Credit proceeds from the project's total development costs.

Low-Income Housing Tax Credit – Pages 18-20

Complete this section only if you are applying for a Low-Income Housing Tax Credit from the Department. If you have any questions concerning this section or the Low Income Housing Tax Credit Program, please consult your accountant or attorney for more information before submitting an application for funding.

Type of Low Income Housing Tax Credit Requested. Mark each box that applies to the type(s) of tax credit you are requesting. To be eligible for an acquisition tax credit, the project must also include substantial rehabilitation. The Department's standard of substantial rehabilitation for threshold review is different than the federal Tax Credit definition. Refer to the Multifamily Housing Financing Program Guide for the Department's standard of substantial rehabilitation.

Location and Placed-In-Service Information. If you are requesting an acquisition or rehabilitation tax credit, complete this table for each building in the project. Show the following information for each building: a specific street address; the type of site control; the date each control document expires; the number of units; the purchase price; the date the building was last placed-in-service; the date the sponsor expects to place the building in service; and the number of years between the sponsor's placed-in-service date and the date the building was last placed in service. Generally, the building must not have been placed in service during the last 10 years to be eligible for an acquisition tax credit. The total purchase price should be the same as shown for acquisition costs on the Uses of Funds worksheet.

Substantial Rehabilitation Determination. To be eligible for a rehabilitation tax credit, the total costs associated with the rehabilitation must exceed the greater of \$3,000 per unit or 10% of the project's adjusted basis, although the Department requires a minimum of \$15,000 per unit in total hard costs. Check the box that applies to the project.

Minimum Set-aside Election. The sponsor must elect one of the two minimum set-aside elections under the tax credit program. At least 20% of the units must be occupied by households with incomes below 50% of the area median or 40% of the units must be occupied by households with incomes below 60% of the area median. The overall occupancy restrictions for the projects shown on the General Information sheet will be used to calculate the tax credit basis. Make the election by marking one box only.

Rent Floor Election. Sponsors may elect to establish the rent floor for the project as of the date of allocation or the date the project is placed in service. Make the election by marking one box only.

Syndication Information. If the project will be syndicated, show the name of the syndication firm, contact person and telephone number, whether the offering is public or private, the type of investors, and the percentage, amount and the dates that funds will be paid into the partnership.

Maximum Low-Income Housing Tax Credit Based on Eligible Costs. This is the amount of tax credit the project is eligible for based on its qualified basis. The actual amount of tax credit the project receives may be less than the amount for which it is eligible and will be limited to the amount needed for financial feasibility.

1. Calculate the adjusted project costs by subtracting from the Total Uses of Funds any federal grants financing qualifying costs, other non-qualifying financing, the value of any commercial space in the project, costs associated with any non-qualifying units of higher quality, and any historic tax credit.⁴
2. Multiply the eligible basis by the applicable fraction to find the qualified basis. The applicable fraction is the portion of the project that eligible low-income households will occupy.
3. The Low-Income Housing Tax Credit eligible basis is the qualified basis multiplied by the applicable percentage. The applicable percentages are the percentages calculated monthly by the Internal Revenue service based on the present values (either 30% or 70%, but commonly referred to as either 4% or 9% credits) of the total credits for federally subsidized, acquisition and non-federally subsidized properties. For the applicable percentage on new construction or rehabilitation, enter 4%, if the qualified basis is financed with tax-exempt bonds or other federal subsidy, otherwise, enter 9%. For the applicable percentage on acquisition costs, enter 4%. While the Department uses applicable percentages of 4% and 9% for evaluation purposes, any allocation of tax credit will ultimately be limited to the actual applicable percentage in effect for the project.

Estimated Low-Income Housing Tax Credit Syndication Proceeds. Estimate the syndication proceeds that can be generated from any historic tax credit and the Low-Income Housing Tax Credit. Combine the Low-Income Housing Tax Credits generated by the project's eligible basis and multiply the total by 10 years to determine the total tax credit received over the period. Multiply this by the raise ratio from the syndication proposal to determine the gross proceeds generated by the Low-Income Housing Tax Credit. In the absence of a commitment from a syndication firm, the Department will apply a syndicator's raise rate based on its understanding of current market conditions. Contact the Department for the current estimated rate. Add to this the gross proceeds as the result of any historic tax credit for the total equity from syndication proceeds.

Maximum Low-Income Housing Tax Credit Based on Proceeds Needed. This calculates the maximum amount of Low-Income Housing Tax Credit needed for the project. The proceeds needed are the lesser of the total Equity from Syndication Proceeds or the Financing Gap. Subtract the gross proceeds of any historic tax credit from the total proceeds needed to determine the proceeds needed from Low-Income Housing Tax Credits. Divide this by the raise ratio from the syndication proposal to figure the total tax credit received over the tax credit period. Divide

⁴ The new construction or rehabilitation basis may be increased up to 130% if the project is in a qualified census tract or difficult development area as published by the U.S. Department of Housing and Urban Development.

this by the 10-year period to determine the maximum Low-Income Housing Tax Credit requested.

Sources of Federal Financing. Sponsors must disclose the amount of all direct and indirect federal funds that are financing qualified project costs. Show the federal funds applicable to the project. If a source of funds is not included in the application form, show the amount under “Other” and provide a brief description.

Applicable Fraction. The applicable fraction is the portion of the project that eligible low-income households will occupy. The lesser of the percentage of low-income units to total units or low-income square footage to total square footage determines the applicable fraction.

Applicable Percentage. The applicable percentage is the rate determined monthly by the Internal Revenue Service based on the present value (30% for acquisition or federally subsidized development costs or 70% for non-federally subsidized development costs) of the Low Income Housing Tax Credits estimated to be received by the project. The percentages generated by the present value calculations are commonly referred to as 4% credits for acquisition or for federally subsidized development or 9% for non-federally subsidized development.

Historic Tax Credit. Calculate the gross proceeds from any historic tax credit by multiplying the amount of the historic tax credit by the raise ratio from the syndication proposal.

Project Summary Information – Pages 21-22

General Information. Provide the project information, funding applied for, and occupancy restrictions of the project.

Project Income. Indicate total units, annual income, and vacancy rates for the low-income units, market rate units and nonresidential sources from the Project Income worksheet. The years until sustaining occupancy are the number of years between the application submission date and the estimated date of sustaining occupancy shown in the anticipated development schedule. For the annual trending, fill in the estimated annual increase in rents. The trend can be based upon experience with similar projects or determined in the market study. Calculate the trended income (at the time of sustaining occupancy) by multiplying the annual income by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual income. The vacancy allowance is the sum of the trended income multiplied by the vacancy rate for each unit type. These are the figures to be entered into the first year of the 20-Year Operating Pro Forma in the next worksheet.

Project Expenses and Cash Flow. Fill in the annual expense for each project expense category from the Project Expenses worksheet. For administrative, utility, operating maintenance, taxes, insurance, and reserve for replacement, indicate the number of years until sustaining occupancy and the annual trending rate. The management fee is not trended but is always a percentage of effective gross income. The other expenses are trended by multiplying the annual expense by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual expenses.

Sources and Uses of Funds. Enter the summary information from Sources of Funds and Uses of Funds worksheets.

Project Description. Enter a narrative description that highlights the unique or innovative characteristics of the project.

20-Year Operating Pro Forma – Pages 23-24

Income. Enter the trended amounts into year one from the Project Summary Information worksheet. Each year after that, the annual income for the low income, market rate and nonresidential units should be trended forward by the rate shown in the Project Summary Information worksheet. Multiply the previous year's income by the trending rate and add it to the previous year's annual income. The vacancy allowance is the sum of the vacancy rate times the gross income for each type of income.

Expenses. Enter the trended expenses shown on the Project Expenses and Cash Flow table in the Project Summary Information section in year one. The management fee is not to be trended. Other expenses are trended annually by multiplying the previous year's expenses by the trending rate and adding it to the previous year's expenses. The trended net operating income is calculated by subtracting the trended expenses from the trended effective gross income.

Primary Debt Service Financing. Annual debt service payments are entered for each year from the Debt Service Financing table in the Project Summary Information section. The debt coverage ratio is calculated by dividing the net operating income by the total debt service payments.

Subordinate Debt Service Financing. Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the cash flow financing table in the Project Summary Information worksheet. The remaining cash flow is calculated by deducting debt service and cash flow payments from the trended net operating income. The debt coverage ratio is calculated by dividing the net operating income by the sum of the total debt service payments and the total cash flow debt payments.

SECTION 6: APPLICATION FORMS

A Development Finance Division (DFD) Financing Application -- Form 202 -- must be submitted that reflects all aspects of the project, including estimated development and operating budgets and pro forma. The application for funding must include all applicable exhibits (See Exhibit Checklist) and attachments as described in this package. Four (4) copies of the application, including all applicable exhibits and attachments, must be sent in separate three-ring notebook binders, with each exhibit tabbed.

On or about **June 30, 2003**, the application forms will be available on the DHCD website.

ATTACHMENTS

- ☐ Form 202 - DFD Financing Application (form provided -- executed hardcopy mandatory)
- ☐ Form 202 - Completed electronic version of the DFD Financing Application - (optional)

**APPENDIX 1 –
PROJECT NARRATIVE FORMAT**

Project Name

Address

Background

Briefly summarize the nature of the proposed project and support services (if applicable), including the amount and type of financing, and a brief description of the community in general. How did this specific project originate? Also, give a brief history of the relationship between members of the development team.

Sponsorship

Describe the sponsoring organization and its capacity to complete the proposed project. How long has the organization been in existence?

1. If a non-profit organization provide the date organization was incorporated, and 501(c) (3) status. Who started the group and why? What is the mission and support services (if applicable), the size and composition of the staff? State the organization's real estate development and support services (if applicable), track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities and support services (if applicable), and explain their relevant experience and responsibilities. Please provide information regarding any planned staff additions for this project of direct service providers (if applicable). The information provided should include: Position, primary responsibility and authority, recruitment process, timing of employment, unique skill or anticipated contributions to the project's success. Also discuss the overall composition of the board (number, % within the neighborhood), and specific areas of expertise of board members which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

2. If a for-profit organization, describe the legal structures, who are the principals of the entity, the size and composition of the staff. State the organization's real estate development track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities, and explain their relevant experience and responsibilities. Also discuss the overall composition of the organization number, and specific areas of which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

Neighborhood Description

Discuss accessibility to public transportation, retail and other services, recreation and healthcare facilities, employment opportunities. Describe the general character of the neighborhood, including age, condition and type of housing stock, development activity, and any other major uses. Provide demographic information—median income, major employers, major institutions, etc.

Site Description

Describe the site or sites: location - the neighborhood, cross streets, and addresses, visibility within neighborhood; significant features, topography, prior uses, etc.; physical status—size of parcel (in square footage or acreage as appropriate) and type of property (vacant land, vacant building, occupied building, etc.); type of improvements—materials, condition, number of existing units; current ownership and status of purchase agreements, options, etc.

Development Team

Who will be the contact person at the organization to coordinate the work?

- Developer—If different from sponsor, summarize qualifications and experience with projects of similar size, type, and financing.
- General Contractor—Explain qualifications of the selected or anticipated contractor, including age of firm. If not yet selected, explain the selection process—competitive bid, negotiation, RFP, etc.
- Architect—Experience and qualifications of the design firm. Specifically describe relevant project experience.
- Property Management—Qualifications, number of properties and units managed, number and type of staff, nonprofit or for-profit company, where based.
- Consultant—If used, explain qualifications and experience, as well as the role this individual or firm will play in the project.
- Construction Manager—if any

Supportive Services

Describe the supportive services to be provided to tenants or homebuyers at the property, and state who will provide those services. If outside entities will be used, please describe their qualifications briefly.

Market Overview

Define the market area; discuss vacancy and absorption rates, average rents or sales prices; explain the specific need for the project. Describe evidence of the demand by the targeted population for this type of project. What income level and household size will the project target?

Project Financing

For each phase of financing listed below, identify and discuss the status of all anticipated funding sources. If possible, identify participants, mention dates of commitment letters, application deadlines, anticipated award dates, etc.

Acquisition and Predevelopment:

Construction:

Permanent:

Equity/Subsidy:

Project Risk: What are the perceived risks: borrower, project, collateral?

Collateral Position: Describe the collateral and collateral position to secure the loan. Who owns the collateral? Is the collateral assignable? What liens currently exist on it? Has the title been checked with real property office or tax records office? Is the land or property encumbered?

Project Timeline: Identify the major milestones involved in moving this project forward and in repaying the loan. Use a chart similar to the one below (add or delete rows as necessary). Include milestones already achieved. Be sure to show anticipated loan commitment dates, loan repayment dates, project start and completion dates.

Event	Date

Importance: Discuss the importance of the transaction to the sponsoring organization, the District, and lender, and the strategic importance to the neighborhood. How will the residents benefit from the project? What role has the community played in developing the project or project concept?

Attachments:

1. *Statement of Sources and Uses*
2. *Development Budget*
3. *Cash Flow Projections (pro-forma)— operating budget (for rental projects only)*
4. *Affordability Analysis*
5. *3 years of Financial Statements*
6. *Site map*

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7. *Appraisal and/or Market Analysis*
 8. *Photographs of subject property and immediate vicinity*
 9. *Environmental reports (Phase I)*
 10. *Purchase Agreement*
 11. *Zoning compliance*
 12. *Resumes of current staff*
 13. *List of board members (if applicable)*
 14. *Resume of Development Team*
 15. *Section 501(c)(3) Determination Letter*
 16. *Articles of Incorporation and Bylaws/ Certificate of good standing.*
 17. *Evidence of site Control*
 18. *Anti-Flipping covenant- speculation scenario*

Development Budget and Operating Pro-forma: While the actual spreadsheets will be attached as exhibits to the project proposal package, in this section, discuss the assumptions used in the spreadsheets (for example: interest rates, income and expense escalation factors, projected subsidies, affordability, etc).

DFD Financing Application (Form 202)

- A. Application Cover Page with signature of person authorized to obligate organization
 - B. General Information – (**Narrative and Form 202**)
 - C. Development Team Information
 - D. Community Revitalization Information
 - E. Project Income (rental projects and community facilities)
 - F. Project Expenses
 - G. Uses of Funds
 - H. Sources of Funds
 - I. Low Income Housing Tax Credit (if Applicant is applying for LIHTC)
 - J. Project Summary Information
 - K. 20-Year Operating Proforma
 - L. Signature Forms
 - M. **Monitoring Certification**
 - N. **Feasibility study**
 - O. **Business Plan**
 - P. **Space Utility Plan**
 - Q. **Form 212 and 215**
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APPENDIX - 2A

Introduction to the Feasibility Study

The purpose of the feasibility study is to examine critical opportunities and obstacles that might make or break the proposed project. The feasibility study should give the sponsors a good idea of whether the proposed project is likely to be successful. In addition to the elements in Application Appendix 2B, the feasibility study must account for all space within the project; provide a schedule of use from 6am to 12 midnight for every day of the week; and provide a space utilization table. (See Appendix 4).

- A. The Feasibility Study.** This is a brief description of what is planned. Project scope and objectives should be enumerated. The critical constraints on the project should be outlined. The type of resources required and available should be specified. The summary should include a statement of how the project complements neighborhood and city developmental goals. The objectives of the project should be very detailed in outlining what the project is expected to achieve and how the achievements will contribute to overall goals of the project. The performance measures for evaluating the achievement of the objectives should be specified.
- B. Business Plan.** The business plan should include, at a minimum, a description of the service(s) and project, management experience, proposed used of funds, availability of labor and operating funds, and names of any corporate parents, affiliates and subsidiaries with a description of the relationship. Many of these items are available from a good feasibility study. An outline of a business plan is provided in Application Appendix 3.
- C. Space Utilization Plan.** This should detail the operating times of the proposed center and the utilization of space within the proposed center.

APPENDIX - 2B

The Feasibility Study

I. Title Page

II. Table of Contents

II. List of Figures

IV. List of Tables

V. Executive Summary

This is the summarized version of the feasibility study that must adequately cover the major points of the feasibility study in one or two pages.

VI. Introduction

1. Justification

2. Study Objective - The study objectives and scope of study will usually be set forth in the request for proposals and/or a consultant's proposal.

3. Scope of Study

VII. Current Neighborhood Available Services

- What is the current level of neighborhood services, some services history and future services expectations?
- Consumption patterns and trends – Discuss historical, present and future consumption patterns and trends.
New uses for services consumption patterns
- If the service is targeted to local and/or regional markets, discuss the local and/or regional markets and projected trends (identify all similar services in the neighborhood, such as after school tutoring, day care, job counseling, etc.).
- As no service can operate without a building or other centers. Schools should be identified and then availability discussed. All existing and future centers and schools should be identified with distances between centers and schools indicating present and future if possible. Can area demand for service sustain service needs?
- Discuss competitive advantage – What makes your services more desirable, productive or better than that of the competitors?

VIII. Production Feasibility

- Services Site**
- Does the potential site have the desired characteristics and available utilities, transportation facilities, etc., for the proposed facility?

Transportation requirements

- Road service to the site
- Metro Rail

Labor Availability

- Requirements and skill levels – Define the specific quantity and type of labor required, to effectively run the center and its' costs.

VIX. Marketing Feasibility

- Determines the potential markets and marketing strategies for the services. Who are the potential customers, is the market accessible, how will the market be accessed, what is the cost of accessing the market, how will services be priced?

1. Nature and extent of markets and marketing area;
2. Existing demand (needs);
3. How is demand being met;
4. Marketing plans for delivery of services;
5. Marketing alternatives; and
6. Extent of competition or other services -
 - Who are the competitors, or (other service providers) location, services and capabilities;
 - How strong are the competitors entrenched in the community;
 - Commitments from funders/contracts;
 - How will services be sustained?
8. Prices of the services if (applicable)
9. Alternative competing services

X. Financial Analysis

- The purpose of a financial analysis is to indicate the venture's potential and timetable for financial viability. It can also serve as an operating plan for financial management of the project.
 - Project development costs
 - Operating costs
 - Fixed costs

Financial Analysis (Cont'd.)

- Three-year projections (becomes more necessary in business plan)
 - a. Income statement
 - b. Cash flow statement
 - c. Balance sheet
 - d. Compare projections with industry standards (RMS or Dun & Bradstreet)
 - e. List assumptions upon which the projections are based
- Sources and uses of funds
- Loan repayment schedule - (Provide detailed current information on the status of all fund raising efforts to reach a particular goal.

XI. Fundraising Analysis

1. What is the fundraising goal? Who has been contacted?
2. How much has been raised to date, in cash and pledges?
3. When is the fundraising scheduled for completion?
4. When do you expect to attain the goal?
5. If you are unable to reach your fundraising goal, then what?

XII. Management Feasibility - Describe the requirements for the management positions and responsibilities for those personnel. Evidence that the continuity and adequacy of management has been evaluated and documented.

XIII. Economic Impact of the Project - Show the potential economic impact to a neighborhood by discussing the impact of the construction costs, sales of services, and salaries of employees to the neighborhood. Also, discuss the effects of ancillary businesses and potential for additional jobs.

XIV. Identify any Limits or Constraints

- Facility and design-related factors
- Financial projections

XV. Conclusions

XVI. References

XVII. Appendices

APPENDIX - 3
BUSINESS PLAN
For Community Center Service Providers and Special Needs Providers

I. Table of Contents

II. Executive Summary - The abbreviated version of the business plan. Should describe the following items in a succinct, interesting manner.

Introduction of the project and services

Objectives

Mission statement

Summary of financial estimates

III. Statement of Objectives - State the goals and objectives of the project, perhaps in bullet statements.

- a. Business goals – (Quantitative goals)
- b. Market share goals - (Quantitative goals)
- c. Source objectives – (Qualitative goals)
- d. Social objectives – (Qualitative goals)

IV. The Project

- A short description of the project, its operations, and activities
- Sponsor related information - the nature of the business, what the project is designed to do, through what channels.
- Organizational structure - the type of organizational structure
- Sponsor history
- Product lines – products or services
- Location and facilities

V. Product - Discuss specifics about the services being offered.

- Product service summary and description
 - a. Specific benefits or services
 - b. Ability to meet needs
 - c. Competitive advantage
- Service life cycle
 - a. Current position in its life cycle
 - b. Factors that might change the anticipated life cycle

VI. Market Analysis - Information for this section should be available from the feasibility study. This should be an in-depth look at the market(s) for the services.

Industry analysis and outlook

Description of industry

Size of industry and future growth projections

Industry characteristics and trends

Major customer groups

Target Markets

Identify primary market

Critical needs

Extent to which needs are currently being met

Demographics

Geographical location

Purchasing decision-makers and influences

Seasonal/cyclical trends

Primary market size

Number of prospective customers

Annual purchases of services meeting the same or similar needs as your services

Geographical area

Projected growth

Competition

Identify

Strengths and weaknesses

Market share

Potential competitors

VII. Business Strategy and Implementation

Overall strategy

Market penetration strategy

What makes the sponsor special (specific market segment focus)

Growth/ stabilization strategy

Internal, acquisition and franchise,

Communication

Promotion

Advertising

Public relations

Personal selling

Printed materials

Service

Method for assuring delivery of quality services

VIII. Management and Ownership - This section should describe the service providers; management, their responsibilities, and expertise of each person. Management staff structure Management staff organizational chart; Key managers (complete resumes should be included in appendix).

- Name
- Position
- Brief position description
- Unique skill and experiences that add to the company's distinctive competencies
- Compensation basis and levels

Planned additions to the current management services team (if applicable)

- Position
- Primary responsibilities and authority
- Recruitment process
- Timing of employment
- Unique skill or anticipated contributions to the project's success
- Compensation basis and levels

IX. Financial Analysis - This section is the most difficult to forecast. To accurately predict the financial information, one must have complete and accurate information. The financial analysis defines the organization's financial strengths and sustainability.

Financial Highlights - (Provide detailed current information on the status of all fund raising efforts to reach a particular goal. What is fund raising goal? Who has been contacted?

How much has been raised to date, in cash and pledges? When was/is fundraising scheduled to be completed? When do you expect to attain the goal?

If you are unable to reach your fundraising goal, then what?

Current funding requirements

- Amount
- Timing

Future funding needs

- Amount
- Timing
- Type
 - Equity
 - Debt
- Terms

Financial Highlights (Cont'd.)

Use of funds

- Capital expenditures
- Working capital
- Debt retirement
- Acquisitions

X. Financial Data

Current year projections (2-5 projections)

Annual statements:

- Income (by quarter)
- Balance sheet

XI. Conclusions and Summary

XII. Attached Documents

APPENDIX - 4
Space Utilization Table

**FEASIBILITY STUDY
OUTLINE FOR
COMMUNITY CENTERS AND SPECIAL NEEDS PROJECTS**

Develop a table similar to this table and list all proposed building occupants:

Sample:

	Occupant	Floor(s)	Gross Square Footage
1.	Youth Program	1	120
2.	Computer Program	1	240
3.	Community Room		
4.	Police Substation/Room	basement	
5.	Laundry Room	basement	
6.	Child Dev. Ctr.		
7.	Counseling Room		
8.			
9.			
10.			
11.	Common Areas	all	1000
Total Gross Square Footage			?

1. Identify all projects, buildings which provide or may provide similar services and indicate their proximity to your project/building;
2. Identify all day care facilities in the community, indicate their proximity to your project/building and indicate the number of children each facility can legally accommodate;
3. Show need for day care facility in your center; and
4. Show need for other services to be provided in center.

All funding requests for non-housing related projects, such as community centers and recreation centers must be accompanied by a Feasibility Study and a Business Plan.

This is final version of segment on Community Centers